



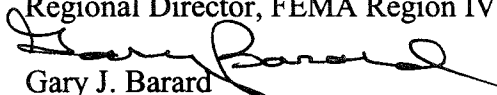
# DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General  
Atlanta Field Office - Audit Division  
3003 Chamblee Tucker Rd  
Atlanta, GA 30341

September 11, 2003

## MEMORANDUM

TO: Kenneth O. Burris, Jr.  
Regional Director, FEMA Region IV

FROM:   
Gary J. Barard  
Field Office Director

SUBJECT: Palm Beach County, Florida  
FEMA 1306-DR-FL  
Audit Report No. DA-27-03

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The Office of Inspector General (OIG) audited public assistance funds awarded to Palm Beach County, Florida. The objective of the audit was to determine whether the County accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The County received an award of \$4.3 million from the Florida Department of Community Affairs, a FEMA grantee, for debris removal, emergency protective measures, and restoration of facilities damaged as a result of Hurricane Irene in October 1999. The award provided 75 percent FEMA funding for 7 large projects and 20 small projects.<sup>1</sup> Audit work was limited to the \$3,931,805 awarded and claimed under the 7 large projects (see Exhibit).

The audit covered the period October 1999 to April 2002. During this period, the County received \$2,948,854 of FEMA funds under the 7 large projects.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the County's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

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<sup>1</sup> According to FEMA regulations, a large project costs \$48,900 or more and a small project costs less than \$48,900.

## RESULTS OF AUDIT

The County claim included \$29,030 of questioned costs (FEMA share \$21,773) resulting from excessive and duplicate project charges.

- A. Excess Contract Charges. The County's claim under Project 797 included \$25,594 of excessive contractor charges. Based on contractor billings, the County claimed \$137,363 for the use of rear-load trucks (\$185 x 742.5 hours) and \$43,680 for clam trucks (\$130 x 336 hours). The claim of \$181,043 was derived by using hourly equipment rates which, according to contract terms, were applicable for work performed on Sunday. The contract provided for a different rate for the remaining six days of the week.

The OIG determined, however, that the project work covered by the contractor's billings was performed on Monday through Saturday. Therefore, lower equipment rates applied, as follows:

Rear-load Trucks	\$167.50 x 742.5 hours	\$124,369
Clam Trucks	\$ 92.50 x 336 hours	<u>31,080</u>
Total		<u>\$155,449</u>

The OIG questions the excess contract charges of \$25,594.

- B. Duplicate Charges. The County also claimed duplicate charges of \$3,436. The County's claim under Projects 1097 and 827 included \$2,680 of the same labor, equipment, and material charges. The OIG determined that the costs were applicable to Project 1097. Accordingly, the duplicate charges under Project 827 are questioned, as follows:

<u>Cost Category</u>	<u>Amount Claimed</u>
Labor	\$1,479
Equipment	410
Materials	<u>791</u>
Total	<u>\$2,680</u>

Additionally, the County received a FEMA award of \$2,634 (Project 1088) to make necessary repairs to Roger Dean Stadium. This amount, plus \$55,991 of insurance proceeds, accounted for the total disaster related project costs of \$58,625. However, the County received an additional \$756 of FEMA funding under Project 1576 to cover the insurance deductible applicable to Roger Dean Stadium. The OIG questions the \$756 provided under Project 1576 because the cost of the insurance deductible was provided for under Project 1088.

### RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$29,030 of questioned costs.

### DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW UP

The audit results were discussed with County and grantee officials on July 17, 2003, and with FEMA officials on July 18, 2003. County officials concurred with the findings.

Please advise the Atlanta Field Office-Audit Division by October 13, 2003, of the actions taken to implement the OIG recommendation. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

Palm Beach County, Florida  
FEMA Disaster No. 1306-DR-FL  
Schedule of Claimed and Questioned Costs  
Large Projects

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
797	\$3,299,361	\$3,299,361	\$ 25,594
799	91,124	91,124	
1097	75,612	75,612	
827	97,891	97,891	2,680
707	252,258	252,258	
1088	2,634	2,634	
1576	<u>112,925</u>	<u>112,925</u>	<u>756</u>
	<u>\$3,931,805</u>	<u>\$3,931,805</u>	<u>\$29,030</u>